(b) what is the extent to which the existing foreign exchange position has been made up due to borrowings;

(c) what is the extent to which the foreign exchange reserve is likely to dwindle due to higher lending rate, expensive debt service, imports, and the partial convertibility of rupee; and

(d) what is the basis on which the foreign exchange reserve position is considered to be sound both for short term and long term?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The foreign exchange reserve position (excluding Gold and SDRs) as on 23rd July, 1992 was Rs. 17,488.25 crores (dollar 6739.39 million).

(b) The position of reserves at a particular time is the net result of all the transactions in the external sector. I is, therefore not possible to determine the exent to which the existing foreign exchange position has been made up due to borrowings.

(c) The foreign exchange reserves have held up extremely well in the past few months, not with standing the factors mentioned by the Hon'ble Member. Government do not expect the reserves to decline significantly in the coming months.

(d) Conventionally, the safe amount of foreign exchange reserves that should be maintained by a country is taken to be the equivalent of the value of imports for three months.

Amalgamation of Rural Banks with Subsidiary of NABARD

2008. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to amalgamate the existing Rural Banks with the formation of a unified Central Structure which would be the subsidiary of NABARD;

(b) if so, whether the functioing of the rural banks will improve as a result of amalgamation; and

(c) if so, to what extent?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (c) The restructuring of Regional Rural Banks has been under consideration of Government, Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD). Varaious alternative models, including the proposal for establishment of a National Rural Bank of India either as a subsidiary of NABARD or as a separte legal entity are being worked out and effectiveness of each model is being examined from all angles. No final decision has so far been taken in this regard.

Discontinuing of Overdraft Facility to States

2009. SHRI KRISHAN LAL SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Government has discontinued the facility of overdraft to certain States;

(b) if so, which are the States affected as a result thereof;

(c) what are the reasons for discontinuance of such facility;

(d) whether Government propose to chalk out a special plan to improve the financial position of the affected States;

(e) if so, what are the details thereof; and

(f) if not, what are the reasons therefor?